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**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Order Instituting Rulemaking into the Review of
the California High Cost Fund B Program

Rulemaking 06-06-028
(Filed June 29, 2006)

**REQUEST OF THE UTILITY REFORM NETWORK
FOR COMPENSATION FOR SUBSTANTIAL CONTRIBUTION
TO DECISION 07-09-020**



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Pursuant to §1801 et seq. of the Public Utilities (PU) Code and Rule 17.3 of the Commission's Rules of Practice and Procedure, The Utility Reform Network ("TURN") submits this request for an award of compensation in the amount of \$129,896.85 for its substantial contributions to Decision (D.) 07-09-020 ("Final Decision"). In this Rulemaking, the Commission conducted a review of the California High Cost Fund B (CHCF-B or the Fund). The Commission determined such a review was necessary to satisfy overdue statutory obligations, to reform the program in light of changes in the telecommunications marketplace and to respond to criticisms from stakeholders that the Fund had become too large. As a result of this review, the Final Decision adopts significant reforms to the program including a 74% reduction in subsidy expenditure over the next two years and a 50% reduction in the surcharge amount beginning January 2008.

I. PROCEDURAL BACKGROUND AND SUMMARY OF TURN'S PARTICIPATION

A. Procedural Background

TURN timely filed a Notice of Intent to Claim Compensation on November 29, 2006. A formal ruling has not yet been issued.¹ Consistent with the requirement of PU Code §1804(c), this request for compensation is being filed within 60 days of September 7, 2007, the mailing date of D.07-09-020. Section 1804(c) further requires that a compensation request include "a detailed description of services and expenditures and a description of the customer's substantial contribution to the hearing or proceeding." This requirement is satisfied in the following sections. This request for compensation also addresses requirements adopted in the intervenor

¹ TURN is filing this compensation request pursuant to a November 2, 2007 telephone discussion with ALJ Pulsifer who granted permission to file although a ruling on its NOI has not yet been issued.

compensation rulemaking and investigation (see D.98-04-059), including requirements that the benefits to ratepayers outweigh the costs of participation, and that the customer represented interests that would “otherwise be underrepresented.” TURN satisfies these requirements in the following sections.

B. Summary of the Case and TURN’s Participation Therein

The Commission issued its Order Instituting Rulemaking to Review the California High Cost Fund B Program in June 2006. The Administrative Law Judge granted a request by TURN and DRA for an extension of time to file comments on the OIR. Parties filed opening and reply comments on September 1, 2006 and October 16, 2006 respectively. At about this same time, the Commission adopted a decision in its Uniform Regulatory Framework proceeding and the Federal Communications Commission had made some progress in its review of the federal rural and high cost support programs. On February 23, 2007, the Assigned Commissioner and Administrative Law Judge issued a Ruling expanding the scope of the proceeding to incorporate issues referred to this docket from the Uniform Regulatory Framework decision and to request further comment on a list of additional questions. Parties filed a single round of comments pursuant to that Ruling on April 27, 2007. The Assigned Commissioner issued a Proposed Decision on August 3, 2007. Parties filed opening comments on August 23, 2007 and reply on August 28, 2007. The Commission adopted D.07-09-020 at its September 6, 2007 meeting.

TURN's participation in this proceeding met the requirements for establishing a substantial contribution to the Commission’s final decision covered by this request. TURN fully participated in all aspects of this proceeding including engaging in discovery, offering expert affidavits, filing comments on the OIR and subsequent Ruling and filing comments on the proposed decisions. TURN’s consultant submitted affidavits concerning several issues including the overall role of the Fund in maintaining universal service in rural areas; the need and preferable method to update costs; the method for revising the high cost benchmark; and

the effect of changes to the Fund on retail rates for basic service. Although the Final Decision did not fully adopt many of the positions TURN advocated, TURN urges the Commission to recognize (as it has when presented with similar requests in the recent past) that an award of compensation for all of TURN's reasonable hours and expenses is warranted here and is within the agency's ample discretion under the intervenor compensation statutes.

II. TURN'S SUBSTANTIAL CONTRIBUTIONS

TURN's participation in this proceeding met and surpassed the requirements for establishing a substantial contribution to the Proposed Decision and the Commission's Final Decision. The Final Decision reflects the significant impact of TURN's advocacy in this proceeding. These efforts clearly constitute "substantial contributions" as defined in Section 1802(h) of the PU Code.

A. Standard of Evaluation for Substantial Contribution

Section 1802(h) of the PU Code defines "substantial contribution" as follows:

'Substantial contribution' means that, in the judgment of the commission, the customer's presentation has substantially assisted the commission in the making of its order or decision because the order or decision has adopted in whole or in part one or more factual contentions, legal contentions, or specific policy or procedural recommendations presented by the customer. Where the customer's participation has resulted in a substantial contribution, even if the decision adopts that customer's contention or recommendations only in part, the commission may award the customer compensation for all reasonable advocate's fees, reasonable expert fees and other reasonable costs incurred by the customer in preparing or presenting that contention or recommendation.

Elaborating on this statutory standard, the Commission has stated:

A party may make a substantial contribution to a decision in various ways. It may offer a factual or legal contention upon which the Commission relied in making a decision. Or it may advance a specific policy or procedural recommendation that the ALJ or Commission adopted. A substantial contribution includes evidence or argument that supports part of the decision, even if the Commission does not adopt a party's position in total. **The Commission has provided compensation even when the position advanced by the intervenor is rejected.**²

² D.99-08-006, 1999 Cal. PUC LEXIS 497, *3-4 (emphasis added).

The Commission has interpreted the Section 1802 definition, in conjunction with Section 1801.3, so as to effectuate the Legislature's intent to encourage effective and efficient intervenor participation.

The Commission has granted compensation where a party's participation contributed to the decision-making process or its showing assisted the Commission in its analysis of an issue and enriched the record, even if the intervenor's specific recommendations were not adopted.³

Similarly, the Commission has awarded compensation for an intervenor's work in opposition to a settlement, even where the final decision approved the settlement without any modification based on the intervenor's objections. The agency has in such cases recognized the appropriateness of awarding full compensation in recognition of the intervenor's efforts having raised and addressed issues and developed the record in such a way as to increase the Commission's certainty and confidence that its decision was the correct one.⁴

B. TURN's Substantial Contribution to D.07-09-020

TURN's active participation in this proceeding substantially contributed to the Final Decision as well as to the underlying decision-making process. The threshold issue that the Commission had to address in this Rulemaking was, "Should the Commission continue, reduce or eliminate the B-Fund program?" OIR at p.45. The Commission and the parties should not debate reforms and updates to the Fund if the most likely outcome of the Commission's review was a determination to eliminate the Fund. Indeed, several parties, including DRA, filed comments advocating for elimination of the Fund. TURN proposed maintaining the Fund, albeit

³ D.04-12-054, issued in Bill of Rights Rulemaking R.00-02-004, discussed below.

⁴ D.05-08-014, pp. 6-8 (in *Sempra Cost of Service TY 2004*, Phase 1), where the Commission awarded UCAN the full number of hours devoted to opposing the settlement ultimately adopted in the decision on the merits. See *also*, D.00-02-008, pp. 4-7, 10 (in *Edison OOR A.97-06-021*), where the Commission appropriately awarded TURN the full amount of hours claimed even though our substantial contribution was made in the course of unsuccessfully opposing adoption of a settlement agreement; see *also* D.00-07-015 (awarding intervenor compensation to Aglet Consumer Alliance in *A.98-09-003, et al.*), pp. 5-6

with substantial changes and reforms.⁵ TURN pointed out that the Commission has substantial statutory obligations and authority to maintain rural universal service and rate comparability with urban serving areas and that it is unclear under the newly revised regulatory framework whether universal service can be maintained without some type of subsidy funding.⁶ As the Final Decision notes, “TURN disagrees with those parties advocating elimination of the CHCF-B. TURN argues that there is not sufficient information to conclude that universal service goals could be met without continuation of some form of subsidy program.” Final Decision at p. 27. In the Final Decision, the Commission concludes, “that the B-Fund program should continue beyond January 1, 2009, albeit in a more limited and targeted form, to ensure customers continued access to affordable basic service in high cost areas.” Final Decision at p. 30. The Decision also relies on the same statutory obligations described by TURN in our pleadings (without a direct cite to TURN) to continue the Fund beyond its legislative sunset date. Final Decision at p. 29. On this important threshold issue, TURN’s evidence and advocacy contributed to a minority-held position that the Commission ultimately adopted.

Although TURN was not necessarily in the minority on other issues, its contributions to the record led to specific positions adopted by the Commission. For example, the OIR requested comment on whether the Commission was “obligated to apply the principle of ‘revenue neutrality’ if and when it makes changes to B-Fund subsidy levels.” OIR at p. 46. AT&T argued that if the Commission moved forward to implement reductions in their subsidy draw from the Fund in the short term while price controls on basic service rates were still in place, then the concept of revenue neutrality should apply and AT&T and other affected utilities should be allowed to raise rates to compensate for the loss in subsidy revenue. As the Final Decision notes, TURN strongly opposed any suggestion that the utilities be guaranteed revenue

⁵ Reply Comments of the Utility Reform Network, October 16, 2006 at pp. 2-3, Declaration of Trevor Roycroft, October 16, 2006, at p.3.

⁶ Reply Comments of the Utility Reform Network, October 16, 2006 at pp.4-9

neutrality or, in the alternative, suggested that revenue neutrality should be applied in the opposite scenario as well so that if the subsidy draw were to remain at current levels then rates should be reduced to avoid a windfall.⁷ Final Decision at p.74-75. In TURN's Opening and Reply Comments, we noted that utilities have no "right" to revenue neutrality and discussed the detailed and complicated history of price increases and reductions already in place to compensate for the creation of the CHCF-B.⁸ We also argued that the Commission will likely find that the cost of providing services has gone down over the ensuing years and, combined with the pricing flexibility granted to the incumbent utilities for other services, the utilities should not be granted price increases in basic service to make up for subsidy reductions.⁹ In the Final Decision the Commission rejected AT&T's arguments stating that, "We find no valid reason why the benchmark cannot be revised, and subsidies reduced, prior to the time when the basic residential rate will be subject to full pricing flexibility. . . .We further conclude that there is no necessity to authorize any offsetting rate increases to preserve revenue neutrality as a result of reducing B-Fund support levels as implemented in this order." Final Decision at pp. 75, 78. Although the Commission did not explicitly cite to any party for support of its discussion on this issue, several of TURN's arguments regarding the inapplicability of the revenue neutrality principle in a flexibly priced environment and the need to apply the revenue neutrality principle in both directions are used as justifications to dismiss AT&T's arguments.

The Commission rejected the incumbents' revenue neutrality arguments despite the fact, as discussed below, it ordered reduction in surcharges and subsidy amounts to begin as early as January 2008. In addition to revenue neutrality, the carriers also requested full pricing flexibility to allow for increases in basic service as soon as any of the subsidy amount was

⁷ Opening Comments of the Utility Reform Network, September 1, 2006, at pp.9-10; Reply Comments of the Utility Reform Network, October 16, 2006 at p. 14, Declaration of Trevor Roycroft, October 16, 2007 at p. 6, 15.

⁸ *Id.*

⁹ *Id.*

reduced. TURN anticipated these types of arguments by the incumbents and as early as our opening comments on the OIR proposed that the scope of the proceeding should be expanded to a ratesetting category and the effect of changes to the Fund on basic service rates in rural areas should be included.¹⁰ Although the Commission did not change the category, it did expand the scope and included issues referred from URF into this Rulemaking on basic service rates.¹¹ TURN also opposed the incumbents' call for immediate price increases and instead argued that the rate freeze should continue at least until 2009 and that the Commission could and should extend the freeze beyond that date or at a minimum require the carriers to phase-in any rate increases.¹² The Final Decision, stating that it shares the concerns of many of the parties regarding unfettered price increases to basic rates, agrees to strictly limit the carriers' ability to raise prices through 2009 and decided that there should be a phase-in of rate increases after that date. Final Decision at p. 96. Many of the details will be worked out in Phase II, but the overall framework proposed by TURN in the event of price increases in basic service was adopted by the Commission.

The issue of broadband penetration and deployment of broadband facilities permeates almost every telecommunications docket currently pending before the Commission, and this docket is no different. Parties filed comments on the effect of the current CHCF-B structure on broadband deployment in rural areas, the development of new technologies and broadband competition. Loosely using those comments for support, the Proposed Decision created the Advanced Services Fund and authorized the CHCF-B surcharge to remain at current levels with a percentage of the money to be used to fund the deployment of broadband facilities in unserved and underserved areas. Proposed Decision at p. 47. TURN, along with other parties, opposed the use of the surcharge money in such a manner. While the concept of a broadband

¹⁰ Opening Comments of the Utility Reform Network, September 1, 2006 at p. 4-5.

¹¹ Assigned Commissioner's and ALJ's Ruling Soliciting Further Comments, February 23, 2007.

¹² Comments of the Utility Reform Network, April 23, 2007 at p.13.

fund was not generally objectionable, TURN felt that the money would be better used to “offset rate increases in high cost areas after January 1, 2009, and thus to promote the affordability of basic services.”¹³ TURN pointed out that the Proposed Decision was inconsistent by claiming consumers are entitled to relief from B-Fund surcharge while at the same time maintaining the surcharge to fund this new advanced services program.¹⁴

The Final Decision contains major differences from the Proposed Decision regarding the California Advanced Services Fund. Although the Commission maintains its goal to create the Advanced Services Fund with CHCF-B surcharge money, it retreats from the Proposed Decision language. First, instead of authorizing the Advanced Services Fund in this Decision, it offers only a proposal for the new fund to be addressed in Phase II and acknowledges that other sources of money instead of CHCF-B surcharges may be used for this purpose. Final Decision at p. 68-69 (“proposes” that a limited allocation consisting of B-Fund money should be used to pay for some of the infrastructure costs of broadband facilities in California. . . and will instead consider “whether and to what extent” existing B-Fund contributions should be used by the CASF). Second, the Final Decision approves a significant reduction in the CHCF-B surcharge. Final Decision at p. 68. The end result matches TURN’s advocacy. While TURN did not oppose the creation of the Fund, it did oppose maintaining a high subsidy to pay for it. The Commission agreed and lowered the subsidy while agreeing to take further comment on the viability and logistics of the CASF more generally in Phase II.

In 1996, when the Commission established the CHCF-B it developed a cost-based system to set the high cost threshold and determine the amount of subsidy that a carrier can receive from the Fund. TURN, through its consultant, argued in comments that such a cost-based process was outdated and ineffective and that,

¹³ Comments of the Utility Reform Network, August 23, 2007 at p.19.

¹⁴ *Id.*

By focusing primarily on basic service rates, the current funding approach essentially denies the existence of scope economies and revenues available from the multiple products which share local exchange facilities. No firm operating in a competitive market would take such a perspective. To correct this situation, the Commission should recognize revenues from all sources which share the local exchange facilities.¹⁵

TURN's position was that the "revenue based" approach to calculating the subsidy is economically rational and more appropriate in a competitive environment.

The Commission is in clear agreement with TURN that a cost based approach to calculating the subsidy is outmoded and must be changed, "Reliance on system average cost as a high cost benchmark is no longer appropriate, however, given current market and regulatory conditions." Final Decision at p. 40. To determine the proper benchmark, the Commission discusses and then claims to reject the revenue approach. Final Decision at p. 44. The Commission also considered and rejected two other proposals for setting the benchmark, one using a per-capita means test and the other using FCC's safe harbor rate. Final Decision at p. 43 (rejecting FCC safe harbor because it is based on nationwide data, not California-specific data), p.91 (rejecting per-capita income test). While several parties urged the Commission to adopt one or the other of these methods, TURN opposed both of them.¹⁶

Despite the discussion in the text, in practice the Commission adopts its own revenue-based model. It uses an affordability standard to set the high cost threshold. This affordability standard is based on the rates subscribers pay for all services offered on a wireline phone including toll, thereby taking into account the revenue earned by the carrier from more than basic service. Final Decision at p. 46-47 By looking at the rates paid by consumers for a variety of services offered on a single line (many of those services are currently combined in a bundle and not price or cost regulated by the Commission), the Commission has in essence

¹⁵ Reply Comments of TURN, Declaration of Trevor Roycroft, October 16, 2006 at p. 11.

¹⁶ Reply Comments of the Utility Reform Network, October 16, 2006 at pp. 11, 15 (agrees a means test would be an administrative nightmare); Comments of the Utility Reform Network, April 27, 2007 at p. 5 (urges rejection of the safe harbor rate as having no relationship to the costs and revenues of California ILECs.)

adopted a scaled down version of the approach supported by TURN. While the Commission did not adopt all of TURN's proposed changes to the benchmark, it definitely created a benchmark and subsidy calculation from one of cost-based to revenue based as advocated by TURN.

The Fund had not been reviewed by the Commission in over ten years. As a result, the Commission acknowledged that the data and methodology used to establish the costs to offer service in a "high cost" area were woefully out of date. This was not a controversial position and TURN's early pleadings strongly urged the Commission to update those costs. However, the method to update the cost data was a major issue addressed by each of the parties. Although TURN did not fully prevail on this issue, the Commission did end up adopting pieces of TURN's proposal. The substantial amount of discussion and evidence provided to the Commission by TURN through its comments and its experts shaped the discussion and outcome of the Final Decision.

There were several different proposals for updating costs on the table. As described in the Final Decision, TURN proposed that updates to costs be developed through use of a transparent, forward looking cost model such as the FCC's Synthesis Model or HM5.3, with updated carrier inputs to calculate new costs for residential service.¹⁷ TURN also proposed slight revisions to a Time Warner proposal that entailed scaling existing costs, but TURN proposed using a forward looking model to conduct the scaling.¹⁸ Finally, TURN provided extensive comment and critique of the other methods proposed by parties for updating costs, urging the Commission to reject those proposals.

Although the Commission put off updating costs to Phase II of this proceeding, it did adopt a cost methodology similar to TURN's proposal. The Final Decision adopts HM5.3 to update costs. Final Decision at p.109. The Final Decision notes that DRA opposed updating

¹⁷ Final Decision at p. 107; Reply Comments of the Utility Reform Network, October 16, 2006 at p.11-13, Roycroft Declaration, October 16, 2006 at p. 14

¹⁸ Id.

costs with new inputs using HM5.3 as a major undertaking, but in response the Final Decision states, “TURN, however, believes that the inputs to the model can be updated relatively easily.” Final Decision at p. 111. The Final Decision also agrees with TURN when it rejects the use of a brand new untested cost model, the original Cost Proxy Model, and UNE rates by themselves to update costs.¹⁹ Final Decision at 109-111. Although the Final Decision rejects the Synthesis Model and the Time Warner scaling approach which TURN also supported, it adopted an important part of TURN’s advocacy on this issue: acknowledging the need to update costs and the use of HM5.3 to do so.

There is much more work to be done, including the possible adoption of a reverse auction that would eliminate the need for an extensive costing effort. Final Decision at p.114. In its comments on the Proposed Decision, TURN also expressed tentative support for the use of a reverse auction, but only under certain conditions.²⁰ In the Final Decision, the Commission maintained the reverse auction proposal and agreed to consider additional conditions and structure in Phase II.

As discussed above, TURN had several, although not all of its proposals adopted by the Commission in the Final Decision. The Commission has regularly granted compensation for the reasonable hours associated with an intervenor’s work under such circumstances, that is, where a party’s participation contributed to the decision-making process even if specific recommendations were not adopted, and where a parties’ showing assisted the Commission in its analysis of an issue. In D.04-12-054, addressing the requests for compensation submitted by a number of intervenors in the Bill of Rights rulemaking (R.00-02-004), the Commission noted:

Even where the Commission does not adopt any of the customer’s recommendations, compensation may be awarded if, in the judgment of the Commission, the customer’s participation substantially contributed to the decision or order. For example, if a customer provided a unique perspective that enriched

¹⁹ Reply Comments of TURN, October 16, 2006 at pp.9-11.

²⁰ Opening Comments of TURN, August 23, 2007 at p. 16.

the Commission's deliberations and the record, the Commission could find that the customer made a substantial contribution.²¹

In the instant proceeding, although the Commission's final decision did not reflect all the recommendations advocated by TURN, we respectfully submit that TURN's positions were "competently advocated", that TURN's participation served "a valuable function" and that TURN's efforts were beneficial because it engaged the parties in examining important issues from various viewpoints. Under these circumstances, the Commission should find that TURN made a substantial contribution to this proceeding that warrants an award of intervenor compensation for all of the associated costs and expenses.

C. No Reduction Due To Duplication Is Warranted

TURN's compensation in this proceeding should not be reduced for duplication of the showings of other parties. The intervenor statutes allow the Commission to award full compensation even where a party's participation has overlapped in part with the showings made by other parties.²² In this case, TURN took all reasonable steps to keep duplication to a minimum, and to ensure that when it did happen, our work served to complement and assist the showings of the other parties. TURN collaborated with the Division of Ratepayer Advocates and

²¹ D.04-12-054, p. 8 (emphasis added). See also D.06-06-018 (in R.02-06-001, Advanced Metering Rulemaking): On the issue of 2005 demand response programs, " . . . TURN achieved a high level of success on the issues it raised. In the areas where we did not adopt TURN's position in whole or in part, we benefited from TURN's analysis and discussion of all of the issues which it raised." p. 11 This interpretation of the intervenor compensation statutes is not new. In the rate design phase of I.87-11-033, the Commission described a nearly-identical approach to assessing an intervenor's substantial contribution: "Even where its positions were not adopted, TURN's participation was useful in focusing our decision on potential problems and competing positions. When competently advocated, as TURN's positions were, this participation performs a valuable function and should be encouraged." D.95-08-051 (1995 Cal. PUC LEXIS 656 at 2). And in In D.98-11-014 (p. 8), the Commission found that TURN substantially contributed to D.97-08-055 despite the fact that the decision approved the Gas Accord; a settlement that TURN opposed. The Commission did so because it found that TURN raised an important issue and developed the record on the implications of the issue. See also, D.05-12-038, p.6 (citing D.89-03-063 for the proposition that a party substantially contributes to a decision if they provide a unique perspective that enriched the Commission's deliberation and the record.)

²² PUC §1802.5

competitive carriers. Through this cooperation, TURN's participation was more efficient and effective.

In this proceeding, although TURN and DRA both addressed many of the same issues, the two groups took differing positions either in whole or in part on some of those issues. For example, TURN and DRA had very different viewpoints on the fundamental issue of whether the Fund should be eliminated and other details relating to updating service costs. Therefore, the Commission should find that there was no substantial duplication that might warrant a reduction in the award of compensation.

D. Benefits To Ratepayers Of TURN's Participation

In D.98-04-059, the Commission adopted a requirement that a customer must demonstrate that its participation was "productive," as that term is used in § 1801.3.²³ The Commission directed customers to demonstrate productivity by assigning a reasonable dollar value to the benefits of their participation to ratepayers. The Commission should treat this compensation request as it has treated similar past requests with regard to the difficulty of establishing specific monetary benefits associated with TURN's participation.²⁴ TURN played a crucial and consistent role in this proceeding by making sure that consumer interests,

²³ D.98-04-059, pp. 31-33.

²⁴ See, *i.e.* D.06-10-043, p.16 (Verizon UNE) acknowledging the difficulty in assigning specific monetary benefits to participation, but awarding full amount due to overall importance of TURN's participation; D.04-12-054 at p. 23-24 (Telecom BOR, need not quantify benefits of consumer protection rules); D.99-12-005, pp. 6-7 (Compensation Decision in 1995 Storm Phase of PG&E GRC, A.97-12-020) and D.00-04-006, pp. 9-10 (Compensation Decision in Edison PBR Midterm Review, A.99-03-020) (recognizing the overall benefit of TURN's participation where that participation assisted the Commission in developing a record on which to assess the reasonableness of the utility's operations, and particularly its preparedness and performance in the future); D.00-05-022 (Compensation Decision in the Emergency Standards Proceeding) (awarding TURN \$92,000 in D.00-10-014 for our substantial contribution to the earlier decision, despite TURN's inability to assign a dollar value to the benefit of our participation in order to demonstrate "productivity." Interestingly, the Commission awarded compensation even though the emergency restoration standards may never come into play in the future, since they come into play only after a "major outage," which is defined as impacting more than 10% of a utility's customers. The contingent nature of the future standards did not cause the Commission to hesitate in awarding TURN compensation.).

particularly those of the residential customers in rural areas, were equally balanced with carrier interests and with the push to deregulate the telecommunications market. Its absence would have been noticed and been to the detriment of the Commission's decision-making process.

TURN's advocacy contributed to the reduction of the CHCF-B surcharge and deferral of additional spending on the California Advanced Services Fund. As discussed above, the Proposed Decision recommended maintaining the surcharge at its current level to fund broadband development. TURN calculated that proposal to cost the consumer \$272 million, money that TURN argued should go toward reduction in basic service rates. In the Final Decision, the Commission reduced the CHCF-B surcharge starting January 2008 from 1.3% to .5% on every customer's bill by deferring the final decision on the Advanced Services Fund until Phase II of this proceeding and acknowledging that other sources of funding may also be appropriate. TURN also advocated that the Commission extend the current rate freeze on basic service rates beyond the January 2009 or, in the alternative, phase-in any type of authorized rate increase. While the Commission did not accept TURN's complete proposal, it agreed that a phase-in of the increase in the benchmark and affordability standard would be necessary. This will result in quantifiable benefits to the consumer by delaying possible rate increases put in place as a result of this proceeding. However, such savings are difficult to quantify because at this time the exact logistics of the phase-in and the exact amount of the benchmark are still areas of discussion for Phase II.

TURN's contribution in this proceeding is also difficult to quantify because many of the issues TURN addressed do not directly relate to an increase or decrease of carrier's rates, such as the cost modeling methodology for high cost areas or the development of the high cost threshold. However, the consumers' interest must be represented on all issues related to the Fund because keeping rural rates low and ensuring sufficient facilities in rural areas ultimately will affect everyone's rates. Under these circumstances, the Commission should have no doubt that TURN's participation was productive.

III. ITEMIZATION OF SERVICES AND EXPENDITURES

A. Summary

In this filing TURN is requesting compensation for all of the time that we reasonably devoted to this proceeding, as well as the full amount of expenses we incurred for our participation. TURN requests compensation for \$129,896.85 including \$113,810.25 for attorney time, \$15,310.00 for professional consulting, and \$776.00 for direct expenses. Compensation for time devoted to compensation-related matters is calculated using half the usual requested hourly rate.²⁵

The following Tables 1, 2 and 3 summarize TURN's requested compensation for consultant fees, total expenses and attorney time. More detailed daily time sheets for attorney hours are provided in Appendix A, invoices for the services of Trevor Roycroft are provided in Appendix B, and direct expenses for both TURN and consultant staff are provided in Appendix C.

Table 1: Total Cost Summary

Expense Category	Amount
Attorney Time	\$113,810.25
Consulting	\$15,310.00
Direct Expenses	\$776.60
TOTAL	\$129,896.85

Table 2: Attorney/Advocate Fee Summary

A.06-06-028 California High Cost Fund B				
SUMMARY OF PROFESSIONAL ATTORNEY SERVICES				
TURN Staff	Billing Period	Hourly Rate	Hours Claimed	Compensation
Substantive Issue Related Regina Costa				
	2006	\$235	96.90	\$22,771.50
	2007	\$255	136.75	\$34,871.25

²⁵ This reduction is consistent with the Commission's practice of generally treating compensation requests as a pleading not requiring an attorney's drafting efforts.

Christine Mailloux	2006	\$335	68.25	\$22,863.75
	2007	\$360	19.25	\$6,930.00
William Nusbaum	2006	\$375	41.75	\$15,656.25
	2007	\$405	13.0	\$5,265.00
Robert Finkelstein	2006	\$405	1.0	\$405.00
	2007	\$435	.5	\$217.50
			Subtotal:	\$108,980.25
Compensation Related				
Christine Mailloux	2006	\$167	2.5	\$417.50
	2007	\$180	21.5	\$3,870.00
Bob Finkelstein	2007	217	2.5	\$542.50
			Subtotal:	\$4,830.00
			Total \$:	\$113,810.25

Table 3: Consulting Cost Summary

A.06-06-028 SUMMARY OF CONSULTANT SERVICES				
CHCF-B				
Consultant	Billing Period	Hourly Rate	Hours Claimed	Compensation
Trevor Roycroft, PhD.	2006	\$160.00	34.50	\$5,520.00
	2007	\$220.00	44.50	\$9,790.00
			79.00	
			Total \$:	\$15,310.00

Table 4: TURN Direct Expenses Summary

EXPENSE CATEGORY	AMOUNT
Copies	\$177.40
Phone	\$131.02
Lexis	\$568.18
TOTAL	\$776.60

B. The Hours Claimed for TURN's Attorneys Are Reasonable

A daily listing of the specific tasks performed by advocates Costa, Mailloux, and Nusbaum in connection with this proceeding is set forth in Appendix A. TURN's advocates maintained detailed contemporaneous time records indicating the number of hours devoted to

this case. In preparing this appendix, the advocates reviewed all of the recorded hours devoted to this proceeding and included only those that were reasonable for the underlying task. As a result, TURN submits that all of the hours included in the appendix are reasonable, and should be compensated in full.

TURN's participation in this proceeding reflects a very efficient use of our resources. Ms. Costa served as TURN's primary advocate in the proceeding. In this role she was involved in the formulation of both the substance and the manner of presentation of TURN's positions. Ms. Costa's hours reflect her time spent on policy analysis, document drafting, and review of Dr. Roycroft's work. Ms. Mailloux served as lead attorney and assisted in the development of TURN's position, legal research and the drafting of comments on legal and procedural issues and some policy matters. Mr. Nusbaum provided support to Ms. Costa and Ms. Mailloux in the form of additional legal research and drafting, in addition to working with the team to develop positions consistent with other proceedings where Mr. Nusbaum is lead attorney. Mr. Finkelstein generally supervised the substantive work and assisted with the preparation of this request for compensation.

C. TURN's Proposed Allocation By Activity and By Issue Is Reasonable And Fair

TURN's attorneys segregated their time by issue where feasible, in accordance with the guidelines adopted in D.85-08-012. Because of TURN's significant contribution to the record on important and highly contentious issues, we submit that all of the hours claimed should be compensated. This is consistent with the recognition in the intervenor compensation statute that full compensation may be warranted even where less than full success is achieved by the intervenor.²⁶ It is also consistent with the Commission's practice on past compensation requests, especially in proceedings with a broad scope. For example, in D.98-04-028, the

²⁶ Public Utilities Code Sections 1802(h) and 1803

Commission awarded TURN full compensation for all of the time we devoted to both phases of the CTC proceeding, even though TURN did not prevail on all of the issues that we raised in the case. The Commission applied the same principle in the compensation decision in the SoCal Gas PBR proceeding (A.95-06-002), finding the hours for which TURN sought compensation reasonable despite the fact that we did not prevail on every issue we addressed in that proceeding.²⁷ More recently, the Commission appropriately awarded TURN the full amount of hours claimed even though our substantial contribution was made in the course of unsuccessfully opposing adoption of a settlement agreement.²⁸

In the present case TURN achieved a degree of overall success that was at least commensurate with the level achieved in many of those prior cases. Therefore it is appropriate for us to seek, and for the Commission to award compensation for 100% of the hours devoted to the proceeding. However, TURN is also mindful of the Commission's desire to see an allocation of hours by issue even where the intervenor is seeking compensation for all of those hours. The following discussion describes TURN's allocation of work activities in this proceeding.

D.85-08-012 specified three different categories of work activities that allow for differing degrees of issue-by-issue allocation. The first category was described as follows:

1)Allocation by Issue is Straightforward. Testimony [and] briefs . . . are usually organized on the basis of issues, and thus it seems relatively easy for intervenors to keep track of the time spent writing on each issue.

TURN strived to allocate hours to specific issues whenever possible in this compensation request. We have identified a number of issue and activity categories for purposes of allocating hours: Development of the Advanced Services Fund and issues relating to broadband deployment and funding (**AS**); Legal and policy arguments justifying the maintenance of the CHCF-B and issues relating to the structure and role of the Fund (**JF**);

²⁷ D.98-08-016, pp. 6, 12.

²⁸ D.00-02-008, pp. 4-7, 10 (Edison OOR A.97-06-021).

Rejection of the incumbent local exchange carriers' arguments for revenue neutrality, timing of the end of the rate freeze (**RN**); Discussions related to changes in basic service rates, the affordability standard and the setting of price caps (**PC**); Issues focusing on costing methodologies for updating costs of service, setting the high cost threshold using revenue or cost-based methodologies (**HC**). Where TURN's work covered a number of issues in a single day such that allocation was not practicable, the entry in the appendix is indicated with a pound sign (#). Should the Commission determine that a reduction is called for on any particular issue, it should determine the appropriate reduction to the hours that fall into that category and, if necessary, apply an appropriate percentage reduction to the hours designated "#."

The next category of activities described in D.85-08-012 was the following:

2) Allocation by Issue is Almost Impossible.

When initially preparing to participate in a case, offset or otherwise, it is often simply impossible to segregate hours by issue, because this is the stage where an intervenor is learning about the case and preliminarily identifying the issues and how they interrelate. Thus we see no reason to require a strict allocation of initial general preparation time. If in our opinion an intervenor makes a substantial contribution on all or most of the issues it addresses, or if we determine that the significance of the issues on which the intervenor prevails justifies full compensation even though there hasn't been strict allocation (D.85-02-027), the intervenor should receive compensation for all of its initial preparation time. If the intervenor is less successful, in our judgment, initial preparation time may be compensated on a pro- rata basis, according to the proportion of successful issues to total issues addressed. (*Id.* at 15.)

A substantial portion of TURN's hours in this case fall into the "general" or unallocable category. Some work is fundamental to active participation in a Commission proceeding, and is not allocable by issue. TURN's general initial preparation time entailed the review of an even wider range of issues than we ultimately addressed; such review work cannot easily be broken down by issue. Similarly, some tasks are fundamental to active participation, and the amount of time they require does not vary by the number of issues upon which TURN participated. Examples of these tasks include reviewing other parties' filings, and the proposed and any alternate decision; attending prehearing conferences and ex parte meetings; and determining

general litigation strategy. TURN has endeavored to comply with this guideline by classifying our unallocable general preparation time as “GP” representing general participation time that is not allocable by issue. The entries in this category represent unallocable work that is fundamental to active participation in the case.

The third category described in D.85-08-012 addresses cases in which hearing time is not easily allocated by issue. This category is not relevant here as there were no hearings in this docket.

TURN also seeks compensation at half the usual hourly rate for the hours devoted to the preparation of this compensation request (designated as “Comp” in the appendix). This reduction is consistent with the Commission’s practice of generally treating compensation requests as a pleading not requiring an attorney’s drafting efforts.

In conclusion, TURN has proposed a reasonable means of complying with the Commission’s guidelines on allocation of time. TURN submits that all of the hours claimed were reasonably and efficiently expended and should be fully compensated.

D. The Hourly Rates Requested for TURN’s Staff Members and Outside Consultants Are Reasonable and Should Be Adopted

For work performed in 2006, TURN’s request for compensation uses hourly rates that the Commission has previously adopted as reasonable for the work of each of our attorneys and expert witnesses in that time frame. For 2007, TURN is seeking a 3% cost of living adjustment increase to the 2006 approved rates for our staff attorneys, and the additional 5% “step” increase applicable to attorneys or experts under the conditions described in D.07-01-009 (issued in R.06-08-022).²⁹

²⁹ The conditions set forth in D.07-01-009 (p. 6) are that the “step” increase is available only twice within any given level of experience, and cannot bring the resulting rate outside of the rate range established for that level of experience. This is one of the few such step increases TURN has sought for any of its staff members, and the resulting rates remain within the applicable rate ranges.

TURN has applied half the requested hourly rate for all hours associated with compensation-related matters.

1. TURN Staff

a. Regina Costa

The Commission has previously approved the \$235 hourly rate sought for Ms. Costa's work in 2006 (D.07-04-032, in R.05-09-006). The \$255 rate sought for 2007 work represents an 8% increase to the authorized 2006 rate, rounded to the nearest \$5 increment.

b. Christine Mailloux

The \$335 hourly rate sought for Ms. Mailloux's work in 2006 was previously approved by the Commission (D.06-11-009, in R.00-02-004). The \$360 rate sought for 2007 work represents an 8% increase to the authorized 2006 rate, rounded to the nearest \$5 increment.

c. William Nusbaum

The \$375 hourly rate sought for Mr. Nusbaum's work in 2006 was previously approved by the Commission (D.06-11-009, in R.00-02-004). The \$405 rate sought for 2007 work represents an 8% increase to the authorized 2006 rate, rounded to the nearest \$5 increment.

d. Robert Finkelstein

The \$405 hourly rate sought for Mr. Finkelstein's work in 2006 was previously approved by the Commission (D.06-10-018, in A.04-12-014). The \$435 rate sought for 2007 work represents an 8% increase to the authorized 2006 rate, rounded to the nearest \$5 increment

2. Consultants

a. Dr. Trevor Roycroft

TURN requests an hourly rate of \$160 for work Dr. Roycroft performed in 2006. This rate has been approved by the Commission (D.07-05-050, R.05-04-005), despite TURN's having sought a \$200 hourly rate consistent with the rate Dr. Roycroft charged TURN for his work in 2006. In late 2006, Dr. Roycroft raised his billing rate to \$220 for work performed in 2007. Therefore, TURN is requesting an hourly rate of \$220 for work performed in 2007, the current rate at which Dr. Roycroft bills his time to TURN. TURN acknowledges that this amount is more than the standard 8% increase (3% cost of living and 5% step increase) to approved 2006 rates that the Commission approved in D.07-01-009. However, for the reasons discussed below, TURN urges the Commission to approve the requested rate for Dr. Roycroft's 2007 work. His experience and expertise have greatly contributed to the record in this proceeding.

Dr. Roycroft is an experienced and talented expert witness who has appeared on behalf of TURN before this Commission many times. As noted in previous compensation requests, Dr. Roycroft has worked as an independent consultant since 1994. He is currently an "expert lecturer" for the Graduate School of Engineering at Northeastern University in Boston. Dr. Roycroft was previously a tenured Associate Professor with the J. Warren McClure School of Communications Systems Management at Ohio University where he also served as interim Director of the School of Communications from 2000 to 2002. Prior to his work as a professor, he served in several capacities at the Indiana Office of Consumer Counselor, including Chief Economist, from May 1991 to June 1994. At the Indiana Office of Consumer Counselor, he was responsible for research, technical analysis, drafting testimony, standing for cross examination, assisting with legal briefs and developing policy on gas, water electric and telecommunications cases. Dr. Roycroft has extensive experience in testifying before state commissions. Dr. Roycroft has both a PhD. (1989) and Masters Degree (1986) in Economics from the University of California at Davis. Dr. Roycroft has numerous publications, papers and presentations to his credit, with the vast majority focusing on telecommunications regulatory policy and the effect of the Telecommunications Act of 1996 on competitive entry.

TURN makes its request to set Dr. Roycroft's rate at \$220 pursuant to the third of the three conditions identified in D.05-11-031 as permitting such an increase from previously authorized rates:

Where a representative's last authorized rate is below that of the range of rates shown in the tables above for representatives with comparable qualifications, an increase is reasonable to bring the representative's rate to at least the bottom level of the rate range. Here, we have in mind certain representatives who have historically sought rates at or below the low end of the range of rates for their peers [footnote omitted]. We emphasize, however, that for any given level of qualifications, there will always be a range of rates in the market, so this increase is intended to narrow but not necessarily eliminate perceived disparities.³⁰

Although his adopted rates for 2005 and 2006 are toward the bottom of the adopted market-based range, Dr. Roycroft's qualifications and experience compare favorably with the more senior and principal consultants. Indeed, as a well-established economist with a PhD and strong academic credentials, multiple published articles, in addition to his real-world experience within both a state commission and consumer advocates office, not to mention his significant time as an expert witness in a variety of circumstances, Dr. Roycroft's experience compares directly with consultants such as Terry Murray. However, at this time, Ms. Murray's well-deserved rate of \$350 per hour is more than twice that of Dr. Roycroft's currently approved rate of \$160 for 2006. In fact, Dr. Roycroft's rate is lower than two of Ms. Murray's colleagues -- Scott Cratty and Beth Kientzle -- who each have an approved hourly rate of \$210. While Mr. Cratty and Ms. Kientzle have proved invaluable to TURN on many occasions, and their work must be highly valued, the "market rate" for Dr. Roycroft as a PhD. Economist surely cannot be lower than these expert analysts.

His requested rate should be compared to the higher levels of the range reported by the utilities for 2003 and 2004 (\$315-420 for in-house experts, and \$420-475 for outside experts),³¹ as well as the range approved for intervenor experts in 2004 (\$360). The \$220 requested for

³⁰ D.05-11-031, pp. 17-18; see also Finding of Fact 14.

³¹ D.05-11-031, p. 13.

Dr. Roycroft's work in 2007 is equal to approximately one-half of the rates reported for such senior experts. TURN submits that under these circumstances the Commission should find reasonable the increased rate requested for 2007. TURN submits that the \$220 hourly rate Dr. Roycroft charges for work performed on our behalf in 2007 is reasonable, consistent with the principles established in D.05-11-031, and should be adopted here.

The Commission should use the \$220 rate for Dr. Roycroft's work in 2007 for a final reason. As stated above, this is the rate Dr. Roycroft billed TURN, as well as other fee-paying clients, for his work during that year. In the absence of any evidence that it is not a reasonable rate or one that is consistent with market rates for similarly trained and experienced consultants, the Commission should award compensation using the billed rate. Using something less than that only serves to penalize the consultant or the intervenor by creating a shortfall that must be borne by at least one of those two parties. Such a shortfall is inconsistent with Section 1801.3(b) of the Public Utilities Code which requires the Commission to administer the intervenor compensation program in a "manner that encourages the effective and efficient participation of all groups."

TURN has requested higher rates for Dr. Roycroft in the past, attempting to get the Commission to assign the proper value to his work. Indeed, the Commission recently issued a decision on rehearing denying TURN's request to increase Dr. Roycroft's rate from \$155 to \$200 for work performed in 2005.³² The logic of the Commission's decision (so long as the awarded rate is between \$110 and \$360, the third condition set forth in D.05-11-031 does not provide for an increase³³) is inconsistent with earlier decisions applying the third condition to set the rate for other TURN witnesses, even though their previously-awarded rate similarly fell

³² D.07-10-015 (R.05-04-005).

³³ *Id.*, at 5.

within the broad range.³⁴ TURN does not believe that the Commission has justified its decision to maintain Dr. Roycroft's rate at an artificially, and unfairly, low amount. Instead, the Commission merely relied upon its discretion and an overly narrow interpretation of previous compensation decisions to refuse to apply a valid condition from a previous decision to increase Dr. Roycroft's rate. By granting a rate far below Dr. Roycroft's billed amount to TURN, the Commission is placing both TURN and Dr. Roycroft in a difficult position and jeopardizing TURN's active participation in these complex proceedings.

If the Commission does not approve the \$220 requested rate, then the 8% increase should be applied to Dr. Roycroft's currently approved 2006 rate of \$160 which would create a 2007 rate of \$175.

E. Other Reasonable Costs

The miscellaneous expenses of \$776.60 listed in the summary table above are reasonable in magnitude and were necessary for TURN's contribution to this case. The photocopying costs and Lexis charges relate exclusively to the preparation and distribution of our pleadings and other documents necessary for TURN's contributions to this case. The listed telephone charges also exclusively reflect messages related to this proceeding.

In summary, TURN's costs are all reasonable and were necessarily incurred to enable TURN to participate in this proceeding and should therefore be compensated in full.

³⁴ D.06-04-029 (PG&E BCAP A.04-07-044), p. 9. The Commission awarded compensation using the 2005 billing rates of \$210 for Bill Marcus (up from \$195 in 2004) and \$155 for Jeff Nahigian (up from \$140 in 2004), even though the 2004 rates were within the \$110-360 range described for expert witnesses in D.05-11-031, and even though the increases exceeded the 3% standard increase adopted for most other witnesses and attorneys. The Commission found the requested rates "clearly within the guidelines and principles established in D.05-11-031."

IV. CONCLUSION

In the foregoing sections, TURN has described its substantial contribution to D.07-09-020, provided a detailed itemization of its costs of participation, and demonstrated the reasonableness of its requested hours and hourly rates. TURN has met all of the requirements of Sections 1801 et seq. of the Public Utilities Code, and therefore requests an award of compensation in the amount of \$129,896.85 plus interest if a decision is not issued within 75 days of today, in accordance with Section 1804(e) of the PU Code.

November 6, 2007

Respectfully submitted,

By: /S/
Christine Mailloux, Staff Attorney

Robert Finkelstein, Executive Director
Christine Mailloux, Staff Attorney
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VERIFICATION

I, Christine Mailloux, am an attorney of record for THE UTILITY REFORM NETWORK in this proceeding and am authorized to make this verification on the organization's behalf. The statements in the foregoing document are true of my own knowledge, except for those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I am making this verification on TURN's behalf because, as the attorney in the proceeding, I have unique personal knowledge of certain facts stated in the foregoing document.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 6, 2007, at San Francisco, California.

/S/
Christine Mailloux
Staff Attorney

APPENDIX A

ATTORNEY CONTEMPORANEOUS TIME SHEETS

Date	Attorney	Activity	Description	Time Spent
7/13/2006	BF	GP	Review draft letter re: extension	1.00
8/9/2007	BF	GP	Discuss strategy for CHCF-B PD at telecomm meeting	0.50
9/13/2007	BF	Comp	Discuss hours for comp request	0.50
11/5/2007	BF	Comp	Review & edit comp request	2.00
Total: BF				4.00
7/11/2006	BN	GP	Review OII	1.50
7/12/2006	BN	GP	TURN strategy meeting	0.75
7/12/2006	BN	GP	TURN strategy meeting	0.75
8/22/2006	BN	GP	Strategy mtg CM/RC/TR/BN	1.00
8/30/2006	BN	RN	Conf call w/CM re rev. neutrality & CHCF B	0.50
8/31/2006	BN	RN	Conf call w/CM re rev. neutrality & draft comments	0.75
9/1/2006	BN	#	Review TURN draft comments	1.00
9/12/2006	BN	#	Call w/CM re reply comments CHCF B	0.25
9/14/2006	BN	JF	Drafting reply comments	4.50
9/20/2006	BN	#	Review parties' comments	3.25
9/21/2006	BN	#	Conf call re strategy CM/RC	1.00
9/27/2006	BN	#	Conf call CM/RC/TR/BN	1.25
10/3/2006	BN	JF	Research for reply comments	2.50
10/4/2006	BN	RN	Research for reply comments	6.75
10/4/2006	BN	#	Conf call re reply comments stratgey CM/RC/BN/TR	1.50
10/5/2006	BN	#	Conf call w/CM re reply comments	1.00
10/5/2006	BN	JF	Research for reply comments	2.25
10/6/2006	BN	JF	Research for reply comments	3.00
10/9/2006	BN	#	Review draft TR affidavit	1.75
10/10/2006	BN	JF	Research for reply comments	2.50
10/10/2006	BN	JF	Drafting for reply comments	2.50
10/11/2006	BN	#	Review TR affidavit	1.50
4/3/2007	BN	GP	Strategy conf. call RC/CM/BN/TR re further comments	0.75
4/5/2007	BN	GP	Meeting w/AT&T/DRA/TURN re fund issues	1.00
4/26/2007	BN	#	Review/edit TURN draft comments	1.25
8/15/2007	BN	GP	Review PD	2.50
8/16/2007	BN	#	Review TR's draft ideas for comments on PD	0.75
8/16/2007	BN	GP	TURN mtg re strategy for comments on PD	0.50
8/23/2007	BN	#	Review Draft comments on PD	0.50
8/27/2007	BN	GP	Review parties' PD comments	2.25
8/27/2007	BN	RN	Research for PD reply comments - "taking" issue	2.50
8/27/2007	BN	#	Review/edit draft TURN PD reply	1.00
Total: BN				54.75
7/6/2006	CM	GP	Review OIR	0.75
7/7/2006	CM	GP	Review OIR	0.50
7/12/2006	CM	GP	DW B. Finkelstein, B. Nusbaum and R. Costa re: possible extention of time,s cope and case strategy	0.75
7/13/2006	CM	GP	Review draft letter re: extention of time request, edit	0.50
7/19/2006	CM	GP	Detailed analysis of OIR, prepare comments on questions	2.00
7/20/2006	CM	GP	Continue to draft memo and comments on OIR questions	1.50
7/20/2006	CM	GP	DsW R. Costa and staff re: time extension letter	0.50
8/9/2006	CM	GP	DW R. Costa re: strategy for opening comments on OIR	0.50
8/16/2006	CM	GP	Review DRA discovery; prepare first sets of discovery	1.00
8/17/2006	CM	GP	Draft and finalize discovery; distribute	1.75

8/22/2006	CM	GP	Conf call with T. Roycroft, B. Nusbaum and R. Costa re: economic analysis and opening comment strategy; Legal research re: CHCF background and current processes; draft substantive email re: same	2.75
8/23/2006	CM	GP	Finalize and send discovery, email correspondence re: signatures	1.50
8/24/2006	CM	GP	Organize Files	0.50
8/29/2006	CM	RN	Research and draft revenue neutrality issues for opening comments; DW R. Costa re: same	1.75
8/29/2006	CM	GP	Follow up on discovery issues with LEC; DW. SureWest representative re: same	0.75
8/30/2006	CM	RN	Draft revenue neutrality issues for opening comments, DW B. Nausbaum re: same	2.75
8/30/2006	CM	GP	Draft procedural issues section	2.00
8/31/2006	CM	JF	Draft sections of opening comments on federal USF proceeding	3.00
8/31/2006	CM	GP	legal research on federal issues and other states; substantive emails to R. Crosta; revise and finalize section on procedural issues	1.00
8/31/2006	CM	RN	DW B. Nusbaum re: rev neu section, revise revenue neutrality section	2.00
9/5/2006	CM	GP	Receipt, file and review opening comments; emails to parties re: NDA issues	1.00
9/11/2006	CM	GP	Review opening comments; daft memo summary	4.00
9/12/2006	CM	GP	Draft memo summarizing comments; DW B. Nusbaum re: same	3.50
9/21/2006	CM	#	Strategy discussion with B. Nusbaum and R. Costa re: reply comments	0.75
9/27/2006	CM	#	Conf Call re: strategy for reply comments with T. Roycroft, R. Costa and B. Nusbaum ; review notes and summary in preparation	1.50
10/2/2006	CM	HC	Conf Call with B. Nusbaum, R. Costa re:reply comments; review emails re: same; review old decisions re:costing of state fund	2.00
10/3/2006	CM	#	Analysis and Draft outline/issues list and notes for strategy call; draft email	1.50
10/3/2006	CM	HC	Review substantive email from T. Roycroft re: costing proposals and federal fund issues, further legal research re; federal fund status	2.75
10/3/2006	CM	JF	Draft substantive email in response; DW. B. Nusbaum re: strategy	1.00
10/4/2006	CM	#	Strategy conf call with R. Costa, B. Nusbaum and T. Roycroft re: opening; research GO 153 and substantive email re: same	2.75
10/5/2006	CM	GP	Review discovery and forward to T. Roycroft	0.50
10/9/2006	CM	#	Review and edit draft TR affidavit; draft substantive email	2.00
10/11/2006	CM	#	DsW BF, BN and RC re: status of reply comments and outline	1.00
10/11/2006	CM	JF	Draft section of reply comments on statutory requirements	4.50
10/12/2006	CM	JF	Draft section on statutory requirements	4.25

10/13/2006	CM	JF	DsW BN and RC re: section on legal authority; revise section	1.75
11/9/2006	CM	Comp	Draft NOI	1.50
11/16/2006	CM	GP	DW D. Discher re: Roycroft declaration; review Discher email and forward to team	0.50
11/17/2006	CM	HC	DsW T. Roycroft, R. Costa, CPUC Staff re: subsidy calculation, analysis of decision and rules, draft substantive emails	2.25
11/20/2006	CM	HC	DW B. Nusbaum, R. Costa, B. Finkelstein re: strategy	0.75
11/28/2006	CM	Comp	Review edits; Finalize NOI	1.00
11/29/2006	CM	HC	Draft pleading re: filing amended declaration: DW staff and B. Finkelstein re: same	1.50
12/1/2006	CM	HC	Revise and finalize filing of amended declaration; DW Docket Office	0.75
3/6/2007	CM	PC	DW B. Nusbaum and R. Costa re: comments on basic service rates	0.25
3/9/2007	CM	PC	Conf call re: case strategy on comments re: basic service rates; DW DRA re: same	0.50
3/14/2007	CM	GP	DW T. Roycroft re: extension of time; review emails re: same; draft substantive email requesting more time; DW ALJ re: request	1.00
3/15/2007	CM	GP	Review and draft emails re: requests for extension of time on ACR comments	0.25
3/16/2007	CM	#	Conf call with T. Roycroft and R. Costa re: comments on Ruling; follow up DW R. Costa	0.75
3/20/2007	CM	#	DW TURN telecom staff re: strategy for reply	0.25
4/3/2007	CM	#	Prepare for and attend conf call with R. Costa, T. Roycroft, B. Nusbaum re: comments on AC Ruling	1.50
4/9/2007	CM	PC	DW N. Wales re: DRA comments on ACR	0.25
4/24/2007	CM	GP	Draft and finalize discovery response to VZ of Roycroft workpapers	1.00
4/26/2007	CM	GP	DsW R. Costa and B. Finkelstein re: filing procedure with workpapers; phones calls to Commission	0.75
4/27/2007	CM	#	Review draft of TURN's comments on ACR, make edits; DsW R. Costa re: status of filing; DW ALJ Pulsifer re: workpaper filing	1.75
8/7/2007	CM	GP	Review Proposed Decision	0.75
8/8/2007	CM	GP	Conf call with R. Costa and T. Roycroft re: strategy for Proposed Decision	1.50
8/9/2007	CM	#	DW R. Costa, B. Nusbaum and B. Finkelstein re: strategy for comments on PD; Further discussion with B. Nusbaum re: same	0.75
8/14/2007	CM	#	Review and analyze PD	1.50
8/15/2007	CM	#	Review and analyze PD; draft substantive outline on opening comments	1.50
8/16/2007	CM	#	Review and analyze Roycroft draft of opening comments	0.50
8/21/2007	CM	#	DW R. Costa and review T. Roycroft draft	0.50
8/23/2007	CM	#	Review draft of opening comments; DW R. Costa	0.50
8/27/2007	CM	#	DsW R. Costa and B. Nusbaum re: reply comments on PD; review draft and edit	2.75
9/12/2007	CM	GP	Review Final Decision	0.75

11/2/2007	CM	Comp	Draft compensation request	5.50
11/3/2007	CM	Comp	Draft compensation request; review hourly rates and hours	3.25
11/4/2007	CM	Comp	Revise comp request	4.25
11/5/2007	CM	Comp	Incorporate edits; DW with staff; revise comp request and hours calculations	6.00
11/6/2007	CM	Comp	Revise and finalize comp request for filing	2.50
Total: CM				111.50
6/30/2006	RC	GP	Review OIR, notes to prepare for comments	2.00
7/10/2006	RC	GP	TW BF, BN re case planning, consultants	1.00
7/12/2006	RC	GP	HCFB prep for staff meeting re case planning, review notes, review OIR	0.50
7/12/2006	RC	GP	staff meeting, case planning, discuss issues, ideas for comments	0.50
7/20/2006	RC	GP	write & edit letter re extension	4.00
8/11/2006	RC	GP	MW CM, BN, TR re CHCF-B comments	0.75
8/11/2006	RC	GP	TW CM re use of consultant	0.50
8/11/2006	RC	GP	TM Cm re use of consultant	0.25
8/25/2006	RC	#	review OIR, notes for opening comments	2.75
8/25/2006	RC	JF	research federal high cost fund benchmark	2.25
8/25/2006	RC	GP	review CM notes re opening comments	0.25
8/29/2006	RC	JF	Review NASUCA info re federal universal service fund	2.25
8/30/2006	RC	HC	write opening comments, cost proxy model	1.75
8/30/2006	RC	RN	write opening comments, review, edit revenue neutrality, TW CM re same	1.25
8/30/2006	RC	HC	write opening comments, review infor re CPM and SynMod	1.50
8/31/2006	RC	AS	write opening comments, definition of basic service	1.50
8/31/2006	RC	RN	opening comments, review, comment on section re revenue neutrality	0.50
8/31/2006	RC	GP	opening comments, review, edit section re procedural issues	1.00
8/31/2006	RC	JF	opening comments, review, edit section re Federal USF	1.00
9/1/2006	RC	#	write op comments, combine all sections, re-write headings	1.75
9/1/2006	RC	#	write introduction and conclusion	0.75
9/1/2006	RC	#	edit opening comments	2.00
9/1/2006	RC	#	input final edits, file	0.75
9/5/2006	RC	GP	review, sign, fax sure west NDA to CM	0.25
9/5/2006	RC	GP	review opening comments, prep for reply	4.25
9/5/2006	RC	GP	send opening comments to Troycoft for review for reply	0.50
9/6/2006	RC	#	review op comments, OIR, prepare notes for reply comments	2.25
9/6/2006	RC	HC	review, edit, draft of affidavit	1.00
9/11/2006	RC	HC	review data request responses, Verizon	0.75
9/11/2006	RC	#	review data request reponses, AT&T	1.75
9/11/2006	RC	#	Get info for Troycoft, for reply declaration	0.50
9/14/2006	RC	HC	review FCC orders re federal benchmark, for reply comments	5.75
9/15/2006	RC	#	Get DRA proprietary op comments, send to TR, review for reply	2.25
9/18/2006	RC	HC	review FCC orders re federal high cost fund and benchmark	4.25
9/19/2006	RC	#	TW CM re Reply comments	0.50

9/19/2006	RC	#	review data request responses for reply comments	2.25
9/19/2006	RC	#	review opening comments, for purpose of writing reply comments	2.50
9/21/2006	RC	#	staff meeting re CHCF-B reply comments	0.50
9/22/2006	RC	HC	review opening comments, CPUC decisions, notes for reply on cost model issue	3.25
9/22/2006	RC	HC	review opening comments, for reply, means test	1.25
9/22/2006	RC	JF	review info re federal universal service fund, background for reply comments	1.75
9/27/2006	RC	#	MW CM, TR re CHCF-B reply comments	0.75
9/27/2006	RC	HC	Prep for meeting re CHCF-B comments, review notes re cost measurement	0.75
9/28/2006	RC	JF	review info from Troycroft re federal high cost supt. In CA	0.50
9/29/2006	RC	JF	get info to T Roycroft re CHCF-B sunset, for prep reply declaration	0.50
10/3/2006	RC	#	review op comments, CHCF-B notes prep for meeting re reply comments	4.75
10/4/2006	RC	HC	get info to T Roycroft re cost scaling for reply declaration	0.50
10/4/2006	RC	#	MW CM. BN, Troycroft re CHCF-B reply Comments and declaration	1.00
10/4/2006	RC	HC	TW P Casciato re Time warner proposal	0.25
10/9/2006	RC	#	review, edit declaration for reply comments	2.75
10/11/2006	RC	#	review notes, revised affidavit, outline re chcf-B, TW CM re same	2.25
10/13/2006	RC	JF	TW Cm re statutory section	0.25
10/13/2006	RC	JF	review, edit draft reply comments, statutory issues	1.25
10/15/2006	RC	HC	write reply comments, calculation of total revenues	1.25
10/15/2006	RC	HC	write reply comments, section re cost scaling	4.50
10/15/2006	RC	JF	edit section re statutory issues	2.00
10/16/2006	RC	#	edit reply comments, fill in cites, format document	4.50
10/16/2006	RC	RN	write reply comments, revenue neutrality	0.75
10/16/2006	RC	HC	write reply comments means test	2.00
11/20/2006	RC	HC	TW CM and T. Roycroft re subsidy calculation	0.15
3/8/2007	RC	GP	Review ACR and ALJ Ruling Soliciting comments	1.25
3/9/2007	RC	GP	MW T. Roycroft to discuss ACR/ALJ Ruling prep for writing comments	0.75
3/12/2007	RC	#	Review list of questions posed by ACR/ALJ ruling, analysis of how to respond	1.25
3/14/2007	RC	GP	Phase 2 tw DRA, T. Roycroft and CM re extension for comments	0.75
3/15/2007	RC	#	review discovery responses from AT&T, forward to T. Roycroft	2.75
3/16/2007	RC	#	MW CM and T. Roycroft re comments	0.25
3/20/2007	RC	#	discuss comments due 4/27	0.50
4/2/2007	RC	#	TURN meeting re CHCF-B commenet	1.00
4/2/2007	RC	#	Prep for meeting re CHCF-B comments, review ACR, T. Roycroft memo	1.25
4/5/2007	RC	#	TW T. Roycroft re CHCF-B comments, prep for meeting with DRA, AT&T	0.75
4/5/2007	RC	#	TW BN, CM re CHCFB meeting	0.75
4/5/2007	RC	GP	MW AT&T and DRA re CHCF-B comments	1.50

4/5/2007	RC	#	MW DRA re follow up on CHCFB comments	0.75
4/9/2007	RC	#	Write outline, put in points to address	5.75
4/13/2007	RC	HC	Rsearch re FCC benchmark, and safe harbor prep for writing comments	4.75
4/13/2007	RC	HC	Review D.96-10-066, comments in proceeding re benchmark, for April 27 comments	3.25
4/20/2007	RC	#	Get DR responses to T. Roycroft	0.25
4/20/2007	RC	#	Review data request responses, for writing comments	3.25
4/20/2007	RC	PC	Write Comments, reevaluate basic service rates	1.00
4/23/2007	RC	PC	Write Comments , basis for continuing price caps	1.25
4/23/2007	RC	HC	Write comments, FCC safe harbor	1.75
4/23/2007	RC	JF	Write comments statutory issues	1.75
4/23/2007	RC	HC	Review T. Roycroft declaration, send comments	1.50
4/23/2007	RC	PC	Write comments, determination of subsidy without rate cap or tariffed rate	1.25
4/24/2007	RC	PC	Write comments, transition period	0.50
4/24/2007	RC	PC	Write comments, relationship between B-fund and caps on basic service rates	0.25
4/25/2007	RC	HC	Write comments, federal benchmark	2.25
4/25/2007	RC	HC	Write comments, alternatives to FCC safe harbor rate	3.75
4/26/2007	RC	#	comments, procedural for filing workpapers, affidavit, verify re nonconfidential	1.00
4/26/2007	RC	HC	Write comments, use of HM 5.3 and other cost models	4.25
4/26/2007	RC	#	Write comments, edit document, grammar, typos, etc.	2.25
4/27/2007	RC	HC	Write comments, updating costs	3.25
4/27/2007	RC	AS	Write comments, reporting requirements	0.75
4/27/2007	RC	HC	Write comments, costs	0.50
4/27/2007	RC	#	Write comments, put in edits format document, prepare for filing	4.50
8/3/2007	RC	GP	Review PD, send to T. Roycroft	1.00
8/7/2007	RC	#	Review T. Roycroft summary of issues in PD, prep for meeting re comments	2.25
8/7/2007	RC	GP	Review PD, prepare notes re issues to address in comments	5.25
8/8/2007	RC	#	MW CM and TR re comments	1.00
8/8/2007	RC	#	Prep for meeting re opening comments	1.50
8/9/2007	RC	GP	Telecom workload meeting recomments on CHCFB PD	0.50
8/15/2007	RC	#	Review CM notes re issues for comment re PD	0.75
8/16/2007	RC	#	TURN meeting to discuss op comments on PD	0.75
8/20/2007	RC	#	MW T. Roycroft re comments on PD	1.00
8/20/2007	RC	#	prep for meeting with T. Roycroft, review notes re issues to address	1.00
8/21/2007	RC	#	Review draft comments, identify additional points to add, get info to TR	2.00
8/21/2007	RC	HC	review data request responses, URF decsion re subscription to bundles	3.00
8/22/2007	RC	PC	Write/edit comments, re affordability, rate cap	2.00
8/22/2007	RC	PC	Write/edit comments re \$36 benchmark	2.50
8/22/2007	RC	HC	Write/edit comments re reverse auction	1.75
8/22/2007	RC	AS	Write/edit comments re calif advanced services fund	1.25
8/22/2007	RC	RN	Write/edit comments re rate rebalancing	0.75

8/23/2007	RC	#	Write comments, introduction	1.50
8/23/2007	RC	#	Edit entire document, format, prepare for filing	4.25
8/23/2007	RC	#	forward comments to T. Roycroft	0.75
8/24/2007	RC	GP	procedural, review page limit extension, send to T. Roycroft	0.25
8/24/2007	RC	GP	Review comments to identify issues for reply	5.25
8/26/2007	RC	#	prepare notes re issues to address in reply, send to TR, BF, CM, BN	4.75
8/27/2007	RC	HC	TW DRA re cost proxy issues	1.25
8/27/2007	RC	#	MW TR re reply comments, identify issues to address	1.00
8/27/2007	RC	#	write/fwd note to CM and BN re legal issues in reply comments	0.75
8/27/2007	RC	PC	send DIVCA order to TR, rep comments re cross-subsidy safeguards	0.25
8/27/2007	RC	HC	write reply comments research wireless service in Hollister CBG	1.75
8/27/2007	RC	RN	Write/edit section re takings claims	1.25
8/27/2007	RC	#	write/edit document, typos, formatting, grammar	2.25
8/28/2007	RC	JF	write section insufficient evidence to eliminate fund	1.00
8/28/2007	RC	#	edit document, incorporate everyone's edits, format, prep for filing	4.75
8/28/2007	RC	GP	send reply comments to TR	0.75
8/30/2007	RC	GP	review reply comments	2.75
8/30/2007	RC	GP	organize case files	2.00
9/5/2007	RC	GP	Read reply comments re PD	2.75
9/6/2007	RC	GP	attend CPUC meeting re vote	0.50
9/6/2007	RC	GP	review marked up version of decision	5.00
9/6/2007	RC	GP	get decision to CM, TR	1.25
Total: RC				233.65

APPENDIX B

ROYCROFT TIME SHEETS

Date	Attorney	Activity	Description	Time Spent
9/15/2006	T Roycroft	#	December 06 invoice. Communication with case team, e-mails, telephone calls	5.50
9/15/2006	T Roycroft	#	December 06 invoice. Review Comments	2.50
10/15/2006	T Roycroft	#	December 06 invoice. Research on high-cost issues	2.50
11/15/2006	T Roycroft	#	December 06 invoice. Prepared affidavit	22.00
11/15/2006	T Roycroft	#	December 06 invoice. Prepared workpaper	2.00
3/15/2007	T Roycroft	GP	March 2007. Communication with case team, e-mails, telephone calls	1.50
3/15/2007	T Roycroft	GP	March 2007. Reviewed Order and Comments	1.00
3/15/2007	T Roycroft	HC	March 2007. Prepared memo	2.00
4/15/2007	T Roycroft	#	April 2007. Communication with case team, e-mails, telephone calls	2.75
4/15/2007	T Roycroft	GP	April 2007. Responded to Discovery	0.25
4/15/2007	T Roycroft	HC	April 2007. Prepared Declaration	4.00
4/15/2007	T Roycroft	#	April 2007. Reviewed Draft Comments	1.25
8/15/2007	T Roycroft	GP	Noverber Invoice. Communication with case team, e-mails, telephone calls	3.50
8/15/2007	T Roycroft	#	Noverber Invoice. Reviewed documents	6.00
8/15/2007	T Roycroft	#	Noverber Invoice. Prepared and Edited Comments	15.25
8/15/2007	T Roycroft	HC	Noverber Invoice. Prepared and Edited Reply Comments	7.00
Total: T Roycroft				79.00

APPENDIX C

DIRECT EXPENSES

Date	Activity	Description	Billed
9/1/2006	\$Copies	Opening Comments; 18 pgs x 8 cc	\$ 28.80
10/17/2006	\$Copies	Reply Comments; 62 pgs x 6 cc	\$ 74.40
4/27/2007	\$Copies	Comments 2cc x 79pp	\$ 31.60
8/23/2007	\$Copies	Comments. 5cc x 25pp + 2cc x 23pp	\$ 34.20
8/28/2007	\$Copies	Reply Comments on the Proposed Decision of Commissioner Chong 2cc x 21pp	\$ 8.40
Total: \$Copies			\$ 177.40
10/31/2006	\$Lexis Research	October 2006 Invoice: Lexis Nexis Research	\$ 316.00
10/31/2006	\$Lexis Research	October 2006 Invoice: Lexis Nexis Research	\$ 65.19
10/31/2006	\$Lexis Research	October 2006 Invoice: Lexis Nexis Research	\$ 10.49
8/15/2007	\$Lexis Research	LexisNexis August Invoice	\$ 176.50
Total: \$Lexis Research			\$ 568.18
8/15/2006	\$Phone	Sprint Bill (case calls)	\$ 0.79
9/15/2006	\$Phone	Sprint bill (case calls)	\$ 5.24
9/27/2006	\$Phone	Conference call	\$ 56.10
10/4/2006	\$Phone	Conference Depot	\$ 52.05
10/15/2006	\$Phone	Sprint Invoice; \$3.82	\$ 3.82
3/15/2007	\$Phone	Sprint Invoice; \$0.05	\$ 0.05
4/15/2007	\$Phone	Sprint Invoice; \$3.97	\$ 3.97
8/15/2007	\$Phone	Sprint Invoice; \$9	\$ 9.00
Total: \$Phone			\$ 131.02
Grant Total:			\$ 876.60

CERTIFICATE OF SERVICE

I, Larry Wong, certify under penalty of perjury under the laws of the State of California that the following is true and correct:

On November 6, 2007 I served the attached:

**REQUEST OF THE UTILITY REFORM NETWORK
FOR COMPENSATION FOR SUBSTANTIAL CONTRIBUTION
TO DECISION 07-09-020**

on all eligible parties on the attached lists to **R.06-06-028**, by sending said document by electronic mail to each of the parties via electronic mail, as reflected on the attached Service List.

Executed this November 6, 2007, at San Francisco, California.

/S/

Larry Wong

Service List for R.06-06-028

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